

Ask the Professionals

Business answers to pressing B2B matters



BUSINESS COACHING

What Makes A Person Want To Follow A Leader?

People want to be guided by people they respect and who have a clear sense of direction. To gain respect, they must be ethical and trustworthy. A sense of direction is achieved by conveying a strong and inspiring vision of the future.

10 Principles of Leadership:

1. Know yourself and seek self-improvement. Understand your "be", "know", and "do" attributes. Strengthen your attributes by reading and self-study.
2. Be technically proficient. Know your job and have a solid familiarity with your employees' jobs.
3. Seek responsibility and take responsibility for your actions.
4. Make sound and timely decisions. Use good problem solving, decision-making, and planning tools.
5. Set the example. Be a good role model for you employees. They will believe what they see - not what they hear.
6. Know your people and look out for their well-being.
7. Keep your people informed. Know how to communicate with your people.
8. Develop a sense of accountability, ownership and responsibility in your people.
9. Ensure tasks are understood, supervised, and accomplished.
10. Train your people as a team and develop team spirit.



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COMMERCIAL RE

Perspectives on Non-profit Organizations (NPO)

Over 19,000 NPOs exist in Colorado. Whether renewing, extending, or relocating your current lease, know that today's real estate market is sophisticated. As an association executive, your responsibility to your Board, constituency, and membership can be daunting. Here are suggestions on how to prepare for this process:

Seek representation – Your landlord is not your friend. Their goal is to enhance investor and stockholder return by maximizing rental rates. They have armed themselves with real estate experts. It is incumbent upon you to reciprocate. Poor decisions will reverberate throughout your organization for years.

Mark your calendar – Allow sufficient time to consider all options. A typical transaction requires 6 - 24 months, depending on size and complexity.

How much space? – Take an open-minded look at your current space utilization. Consider teleworking, office-sharing and "hot-desking." Be open to change. Engage an independent architect to prepare a space program.

Know your position with your landlord – Do you occupy 2% or 20% of your building? What is the vacancy? What capital investments have you made in your space that are difficult to replicate and/or costly to remove?

Know your market – Create leverage by considering other submarkets, subleases and competing buildings, thus creating a credible threat of relocation and a credible, fact-based negotiation with your landlord.



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ACCOUNTING

How can my business defend against cyber-security attacks?

Cyber attacks have recently become front page news due to significant data security breaches at some of the most well-known brands in the retail, social media, and financial services industries. With the 2012 breach at the Federal Reserve, it seems even some of the most secure organizations are vulnerable to the newest cyber threats.

Cyber attacks are escalating and carry the potential for large-scale data theft and damage to network infrastructure. For businesses proactively defending against security threats, some of the key areas of focus include establishing and maintaining robust risk and privacy policies, mobile computing security controls, continuous threat monitoring, crisis response, employee information security training, and business continuity planning. Security measures for preventing data loss should include filters that block e-mails containing sensitive data, including personal information and intellectual property. Establishing privacy controls -- telling customers what information you will collect and how you will use it, then maintaining practices consistent with these declarations -- is an important safeguard against the "ripple effect" of adverse consequences stemming from a cyber-security breach. Regardless of your business' protocols, controls need to be constantly tested by security experts to ensure that they can withstand the latest and most innovative cyber threats.



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LAW

What can a landlord do when a commercial tenant files bankruptcy?

It's important to know that when a tenant files bankruptcy (whether under Chapter 7 or Chapter 11), an automatic stay becomes effective immediately. The stay prohibits creditors, including landlords, from taking any action to collect amounts owed by the tenant prior to its bankruptcy filing. Although most leases provide that the tenant's bankruptcy filing is a default entitling the landlord to exercise various remedies, that provision is not enforceable once the tenant actually files.

The commercial tenant in bankruptcy may "assume" (i.e., affirm) or "reject" (in effect, breach) a lease of commercial property. Either decision requires notice to all creditors and approval by the bankruptcy court. The tenant must file a motion to assume or reject the lease within 120 days of its bankruptcy filing (a single, 90-day extension of that period may be granted), or the lease is deemed rejected and the tenant must surrender the leased premises immediately.

As a general matter, the tenant must timely perform its obligations under the lease (including paying rent) while it decides whether to assume or reject the lease. In many circumstances, the tenant may assign its interest under the lease, even if the lease prohibits such assignment.



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WEALTH

Do Your Stock Dividends Represent Free Dollars?

It is important to understand that a stock dividend is a method by which a company shares its earnings with owners (shareholders). These dividends are usually distributed quarterly and are usually paid by stable and established companies. Developing and growing companies will most likely retain all earnings to invest them in corporate growth.

When a dividend is paid as cash or additional shares of stock, the stock price is reduced by the amount of the dividend on what is known as the ex-dividend date. Clearly the amount received by the shareholder is no longer an asset of the company. The total amount of dividend distribution by the company reduces the amount of retained earnings.

For the shareholder, it is important to understand that qualified stock dividends paid outside of a tax deferred account such as an IRA or 401K are taxed at a favorable rate of 5% to 15% if the security has been owned for more than 60 days prior to the ex-dividend date considering a 121 day window surrounding that date for the potential of repurchase. The ACA imposes a 3.8% tax in addition for those high income earners. The dividend does not change the basis on the investment.

Stocks which distribute dividends have been a strong incentive in the philosophy of value investing as proposed by Benjamin Graham. They do enhance investment returns, but are not free money.



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